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No. 93-255

IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

CARRIE BEVERAGE INCORPORATED,
Petitioner,

-v.

GILBERT/ROBINSON, INC.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION

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REASONS WHY THE WRIT SHOULD BE DENIED

Petitioner and its affiliate, Carrie Beverage-Missouri, Inc., are owners of two bars originally called "Mike Houlihan's." The district court found that the operation of a MIKE HOULIHAN'S in St. Louis, Missouri, constituted infringement of respondent Gilbert/Robinson's trade name and trademark rights in the name HOULIHAN'S as used in its restaurants across the country.[1] The district court enjoined both petitioner and its affiliate from further use of the name MIKE HOULIHAN'S in St. Louis. That injunction was affirmed by the Eighth Circuit as part of its decision in this case (Pet. Apdx. A-14-15).

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[1] Gilbert/Robinson, Inc., is a privately held corporation formerly owned by W.R. Grace & Co.-Conn., which still has a financial interest in this case.

The petition for certiorari filed in this Court does not contest the affirmance of the injunction, and petitioner thus stands before this Court with the tarnished hands of a convicted commercial pirate. Nonetheless, petitioner suggests that the Eighth Circuit somehow strayed from the norm when it reversed a $3.1 million actual and punitive damage jury award against Gilbert/Robinson for fraud on the patent office. Petitioner's claim is as devoid of logic as it is unprecedented.

The gravamen of petitioner's claim for damages is that in 1976 Gilbert/Robinson supposedly should have told the Patent and Trademark Office ("PTO") about the existence of Tom Houlihan, a Kansas City clothier whose haberdashery formerly occupied the shopping center space where Gilbert/Robinson located its first HOULIHAN'S restaurant. Petitioner contends that Gilbert/Robinson should have obtained Tom Houlihan's consent to use the name Houlihan in its federally registered trademark and that its failure to do so invalidated the 1976 registration and constituted a fraud on the PTO. There are several fundamental flaws in petitioner's premise: (1) Tom Houlihan, a haberdasher, was not affiliated with Gilbert/Robinson or with the restaurant business in any way, and therefore, according to instructions received from the PTO, there was no need to obtain his consent;[2] (2) Tom Houlihan was aware of the name of Gilbert/Robinson's restaurants and did not object before the registration was applied for or at any other time during his lifetime; (3) Tom Houlihan died in 1976 — two months after Gilbert/Robinson's application

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[2] The instructions from the PTO, §1204.03 of the Trademark Manual of Examining Procedure, advised Gilbert/Robinson's patent attorney that "... requirement for consent depends upon determination of whether the mark would be recognized and understood as identifying the person. If the person is not generally known, nor well known in the field relating to the goods concerned, it may be that the mark would not constitute the identification of a particular person under this section, and in such event consent would not be required."

for registration of its trademark was granted; and (4) petitioner had no relationship whatsoever with Tom Houlihan.

Petitioner's claim is also deficient because there was no causal connection between Gilbert/Robinson's 1976 trademark registration and the damages supposedly caused to petitioner a decade later. This is so for at least three reasons: (1) Even if the 1976 registration were invalid, Gilbert/Robinson obtained another federal registration for HOULIHAN'S in 1980, after Tom Houlihan had died; (2) Gilbert/Robinson had state and common law trademark rights for HOULIHAN'S which were enforceable irrespective of the status of its federal registration (as reflected by the final permanent injunction issued by the district court and affirmed by the Eighth Circuit); and (3) the "damages" allegedly incurred were not only impermissibly speculative but flowed from an opportunity supposedly lost not by petitioner but by another yet-to-be-formed entity.

This case is unique. Never before, to our knowledge, has a stranger sought to invoke the "consent" provision of §1052 of the Lanham Act to invalidate a trademark registration and reap a windfall for his own confessed infringement. The district court's judgment — now reversed — represents the only instance in recorded jurisprudence in which damages have been awarded under §1052(c) to anyone, let alone to a stranger who has no claim to the protection of the statute. Hence, this unusual case hardly presents an issue of widespread interest such as to require this Court's review. In any event, the opinion of the Eighth Circuit is consistent with the letter and policy of the Lanham Act and with all other court decisions interpreting it.

I. Petitioner Has No Standing to Recover Damages Because of Respondent's Failure to Obtain the Written Consent of Tom Houlihan in 1976.

Section 1052(c), the centerpiece of petitioner's "fraud" thesis, provides that a trademark cannot be refused registration unless

it . . . "consists of or comprises a name, portrait or signature identifying a particular living individual except by his written consent." Although little case law exists on the Lanham Act's "written consent" requirement, it has been described as protecting "one who, for valid reasons, could expect to suffer damage from another's trademark use of his name." *Rick v. Buchansky*, 609 F. Supp. 1522, 1539 (S.D.N.Y. 1985) (quoting *Martin v. Carter Hawley Hale Stores, Inc.*, 206 U.S.P.Q. 931, 933 (T.T.A.B. 1979)).

The question thus presented is whether a registrant's failure to comply with §1052(c) may be the basis of a claim for alleged actual and punitive damages by a party *other than* the "particular living individual" whose "written consent" would be required. The purpose of the section, as well as applicable precedent, plainly indicates that petitioner cannot profit from any failure to obtain the written consent of Tom Houlihan, which failure, as to petitioner, was purely fortuitous.[3]

The only case squarely addressing this issue in a similar context refused to permit the use of §1052(c) by a third party — even as a *defense* to a claim of infringement. In *Capetola v. Orlando*, 426 F. Supp. 616 (E.D. Pa. 1977), the plaintiffs, as owners of a registered tradename THE DAWN, sued to enjoin infringement of that mark by the defendant singing group which called itself "Tony Orlando and Dawn." The defendants claimed that Dawn Robertson, one of the members of the plaintiff group, had not consented in writing under §1052 to the use of her name as a mark and that the mark was therefore invalid. The court had little trouble piercing that argument:

> "*The short answer to this argument is that defendants have no standing to raise it.* Dawn Robertson is not complaining

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[3] For that matter, it is not at all clear that even in a proper case the "particular living individual" would have a damage claim, as distinguished from some right *vis-a-vis* the registration.

> about the use of her name without written consent and the very fact that she has joined as a plaintiff in this lawsuit certainly negates any inference that she has not in fact consented to the use of this mark. *Defendants have not cited and my research has not revealed any authority to support their standing to raise this technical defect as a defense to this suit.*" *Id.* at 617 (emphasis added.)

Gilbert/Robinson began its HOULIHAN'S operations at least 10 years before petitioner started in business. Yet petitioner seeks to leap-frog over an admittedly senior user, not based on its own entitlement, but based instead solely on the would-be rights of a disinterested, uninvolved, now-deceased third party. It has been settled law for years that a trademark infringer cannot defend his own misconduct by proving that someone else has rights superior to those of the plaintiff. Professor McCarthy explains the rationale behind the rule as follows:

> "As a matter of policy, *jus tertii* should not be allowed as a defense in any trademark case. So long as plaintiff proves rights superior to defendant, that is enough. Defendant is no less an infringer because it is brought to account by a plaintiff whose rights may or may not be superior to the whole world. The plaintiff's speculative dispute with a third party does not concern the defendant.
>
> "To permit a *jus tertii* defense would be an unwise judicial policy because it would expand many trademark disputes far beyond a mere two party conflict . . . . By raising *jus tertii*, a defendant could effectively divert attention from its own alleged infringement and become a vicarious avenger of another's purported rights against itself."

2 J. McCarthy, *Trademarks & Unfair Competition* §1:39 at 675 (2d ed. 1984); *see also Specialty Measurements, Inc. v. Measurement Systems, Inc.*, 763 F. Supp. 91, 95 (D.N.J. 1991) ("*jus tertii*, or raising the rights of third parties, should not be allowed as a

defense in any trademark case"); *accord Bambu Sales, Inc. v. Sultana Crackers, Inc.*, 683 F. Supp. 899, 909 (E.D.N.Y. 1988); *Eagle Snacks, Inc. v. Nabisco Brands, Inc.*, 625 F. Supp. 571, 578-79 (D.N.J. 1985). If a trademark infringer cannot defend his own misconduct by relying on *jus tertii*, surely it cannot be the basis of an offensive cause of action for actual and punitive damages.

The Court of Appeals' analysis of this issue is completely consistent with common sense and with the statutory scheme of the Lanham Act. Under 15 U.S.C. §1063, "any person who believes that he would be damaged by the registration" of a trademark may oppose registration. Similarly, under §1064, "any person who believes that he is or will be damaged by the registration" of a trademark may file a petition to seek cancellation of the mark. Whether proceeding under §1063 or §1064, courts uniformly have held that the only person who can assert a violation of §1052(c) is *that particular living person* whose written consent is claimed to have been necessary.

Thus, in *Rick v. Buchansky*, 609 F. Supp. at 1538-39, the court required the party seeking cancellation of a trademark under §1052(c) to prove not only that the trademark at issue identified him in the eyes of the public, but also that he was damaged by such an association. *See Martin v. Carter Hawley*, 206 U.S.P.Q. at 933; *accord Avedis Zildjian Co. v. Fred Gretsch Mfg. Co.*, 251 F.2d 530, 532-33 (2d Cir. 1958). Similarly, in *Jones & Laughlin Steel Corp. v. Jones Eng'g Co.*, 292 F.2d 294, 296 (C.C.P.A. 1961), the court held that a party opposing registration had "no standing to assert damage to itself" on the basis of claimed damage to the rights of some third party. *Accord Clark Equip. Co. v. Baker-Lull Corp.*, 288 F.2d 926, 930 (C.C.P.A. 1961). The Court of Appeals' ruling in the instant case harmonizes nicely with all this authority.

Petitioner argues that Gilbert/Robinson's failure to obtain Tom Houlihan's consent in 1976 — which it could not have relied on either in opposition to the registration or in a petition for cancellation — can nonetheless form the basis for millions of dollars in actual and punitive damages under 15 U.S.C. §1120. That section contains language nearly identical to that in both §1063 and §1064 and provides that any person who procures a trademark registration by false or fraudulent means "shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof." Logic and equity compel the conclusion that one who lacks standing to complain of a violation of §1052(c) in an opposition or cancellation proceeding and who cannot use that violation to defend his own infringing conduct, *a fortiori*, ought not be permitted to maintain an action for damages under §1120 based on the identical technical mistake. As the Eighth Circuit put it:

> "This injury is not within the zone of interests that §1120 was intended to protect. Indeed, the Lanham Act's purpose of preventing consumer confusion favors resolving infringement disputes on the merits. Therefore, §1120 should not be invoked to block Lanham Act enforcement of Gilbert's marks based upon an ancient nondisclosure to the PTO that has no bearing on whether Gilbert today has a superior right to use the marks in commerce" (A-8).

This is especially true where, as here, the only party for whose benefit the statute exists — Tom Houlihan — did not object to Gilbert/Robinson's use of the name HOULIHAN'S OLD PLACE, and where Gilbert/Robinson's identification with that mark has grown and intensified for nearly 20 years. To hold otherwise would sanction the anomalous result reached in the district court — in which *only* the party for whose benefit §1052(c) was enacted would be prevented (by estoppel, laches and abatement) from bringing an action for damages or otherwise challenging Gilbert/Robinson's 1976 registration. Under

petitioner's interpretation, *every other* party challenging the HOULIHAN'S trademarks could claim actual and punitive damages even though the "particular living individual" whose written consent arguably would have been required declined to assert his rights and, in fact, is no longer a "living individual." The Court of Appeals properly prevented such a perversion of the Lanham Act.

Because there is no basis for providing greater standing under §1120 than exists under §1063 and §1064 concerning violations of §1052(c), the Eighth Circuit correctly determined that petitioner was not damaged as matter of law by any violation of §1052(c). The opinion below correctly prevents the use of §1052(c) — a shield designed to prevent the appropriation of one's name without his consent — as a sword to eviscerate a 20-year-old registration and to put $3 million in the pockets of total strangers. The ruling below was not only correct but was based on facts so distinctive as to have limited application to future disputes. There is no conflict in the reported decisions, and the case scarcely presents a recurring issue of such importance as to warrant review by this Court.[4]

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[4]The Eighth Circuit also held that even if petitioner had standing to assert its claim, its damage award could not stand because it failed to prove that the 1976 registration caused it any damage (Pet. Apdx. A-9-11). Because of Gilbert/Robinson's prior use of the HOULIHAN'S name, it was entitled to trademark protection under state and common law, irrespective of its federal registrations. Thus, since Gilbert/Robinson had enforceable rights under state and common law, the existence of the federal registrations could not have damaged petitioner. Petitioner presents no question challenging this aspect of the Court of Appeals' ruling, which affords a separate, independent basis for the result reached. Hence, the first two Questions Presented by the petition are academic and nonjusticiable because their resolution would not affect the outcome of this case.

II. Any Taint in the 1976 Federal Registration Became Irrelevant When Gilbert/Robinson Obtained Another Federal Registration For HOULIHAN'S in 1980.

Although we believe that there was no "fraud" on the Patent Office (and will so argue if certiorari is granted), even assuming otherwise, *arguendo*, the 1976 registration did not cause any injury to petitioner for still another reason, as correctly perceived by the Court of Appeals. On February 5, 1980, (more than two years before petitioner started its business), Gilbert/Robinson obtained another federal registration for its HOULIHAN'S marks, pursuant to an application filed July 17, 1978. Section 1052(c) requires written consent only of the "particular *living* individual" who is identified by a mark. Tom Houlihan died on December 4, 1976, so his consent was not required after that date or at the time Gilbert/Robinson applied for its 1980 registration.

Petitioner contends that the 1980 registration was invalid because it made reference to the 1976 registration. Gilbert/Robinson's acknowledgement that it owned a 1976 registration was absolutely, unequivocally true. In fact, Gilbert/Robinson continues to own that registration *to this day*. Petitioner argues, though, that Gilbert/Robinson adopted and relied on the "fraudulent" 1976 registration, thus supposedly invalidating the registration that was eventually obtained in 1980 (Pet. 16-18). The Court of Appeals properly rejected that thesis as a matter of law.

There was nothing even arguably fraudulent or defective about Gilbert/Robinson's 1978 application. To argue, as petitioner does here, that Gilbert/Robinson obtained its 1980 registration merely "by claiming ownership and adopting a prior fraudulent registration in its application" (A-16) mischaracterizes the evidence and misapprehends the trademark registration process. Gilbert/Robinson in 1978 claimed ownership of the earlier registration because it was required to do so by the Patent

Office. As the former Commissioner of Patents and Trademarks testified, Gilbert/Robinson cited ownership of the 1976 registration only to "show that the earlier registration was not the property of some other party" (J. Tr. 4:103).

While it is obvious that Gilbert/Robinson could not have obtained its 1980 registration if *someone else* had owned the 1976 registration for HOULIHAN'S OLD PLACE, it defies logic to suggest that the 1980 registration would not have issued *but for* the 1976 registration. By the time the 1980 registration issued, Gilbert/Robinson had been using its HOULIHAN'S marks across the country for eight years. It had spent more than a quarter of a million dollars promoting the HOULIHAN'S name and had achieved more than $100 million in sales during that period (Apdx. 468-69). Gilbert/Robinson was unquestionably entitled to register its HOULIHAN'S marks in 1978, as the Eighth Circuit held, and the resulting 1980 registration was enforceable against petitioner independent of the 1976 registration (A-11-12).

The cases petitioner cites do not stand for the proposition advanced, and at any rate they are miles apart factually from this case. Both in *Duffy-Mott Co. v. Cumberland Packing Co.*, 424 F.2d 1095, 1099 (C.C.P.A. 1970), and in *Electrical Information Pubs., Inc. v. C-M Periodicals*, 163 U.S.P.Q. 624 (N.D. Ill. 1969), the plaintiffs cited earlier registrations in an attempt to prove a use that did not exist. Not unexpectedly, the courts ruled that a registration based on a non-existent use could not be invoked to prove such a use. There is no doubt here that Gilbert/Robinson has used the HOULIHAN'S marks continuously since 1972 and that its use preceded petitioner's by 10 years. The 1978 application did not cite the 1976 registration as proof of use, but had it done so, it would not have been misleading.

Thus even if, *arguendo*, the 1976 registration was wrongfully obtained, not a hint of fraud can be found in Gilbert/Robinson's

1978 application and the resulting 1980 registration. Since petitioner did not start MIKE HOULIHAN'S until 1982, the 1980 registration is an absolute bar to any claim of "damage" from the 1976 registration. For this additional reason, the issues relating to the 1976 registration are academic and non-dispositive.[5]

CONCLUSION

For the reasons stated, the petition for writ of certiorari should be denied.

Respectfully submitted,

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[5] We deem it unnecessary to discuss the punitive damage question except to note that the Eighth Circuit's footnoted *dictum* on this issue (A-5 n.3) is wholly consistent with other authority on this point. *See Landstrom v. Thorpe*, 189 F.2d 46, 52-53 (8th Cir.), *cert. denied*, 342 U.S. 819 (1957).